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Financial Statement

OF

THE HON. PETER SMITH

Treasurer of the Province of Ontario

DELIVERED IN THE

LEGISLATIVE ASSEMBLY OF ONTARIO

ON THE

22nd FEBRUARY, 1923

On moving the House into Committee of Supply

PRINTED BY ORDER OF

THE LEGISLATIVE ASSEMBLY OF ONTARIO



TORONTO

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BUDGET ADDRESS

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Feb. 22nd, 1923

MR. SPEAKER: In rising to move that you do now leave the chair in order that the House may resolve itself into a Committee of the Whole for consideration of Supply, I wish to present an account of the stewardship of the present Government, not only for the last fiscal year, but previous to that time; in fact, ever since we took office in November, 1919.

Bonus Cheque Not Called For

But before doing this I wish to make a little explanation to the House of a certain matter that affects one honourable member on the Government side. The House will remember well last session, when the matter of the bonus to members was being discussed, that, among others, the honourable member for North Oxford (D. M. Ross) stated that he was opposed to taking the bonus. You will find on page B7 of the Public Accounts, D. M. Ross, \$1,400.00 indemnity, and \$600.00 bonus. Mr. Ross did not receive his bonus, and has stuck by his word in the House at that time, that he was not going to take it. But the Treasury Department and the Audit Office had no means of knowing that he was not going to accept it. Several cheques were left, awaiting members to call for them. Some were only taken shortly before the close of the fiscal year, and that of the honourable member for North Oxford was never taken. But we did not know anything about it until after the close of the fiscal year, so on that account it appears in the Public Accounts this year as though he had received it. As the House is aware, when any cheque is issued from the Treasury Department, as a matter of book-keeping, the cheque is considered as paid, and accordingly goes

into the accounts as such, whether it is cashed or not, so that amount will appear next year in Public Accounts as a refund of \$600.00 from the honourable member. I could have increased my surplus considerably this year if I had only known in time. (Laughter and applause.)

Perplexing Financial Period

I think I can safely say that no preceding Government in the Province of Ontario ever went through such abnormal times as the present Government. The economic conditions were such as to make financing very difficult, and made the carrying on of Government very trying. Nobody, not even individuals, was normal in the matter of expenditures, and on that account it made it very perplexing for the present Government in a great many instances which I shall enumerate as I go along.

The Government had undertaken a great many financial obligations which were not of our origin, but which had to be carried through to completion. We had to meet loans which had been negotiated by the previous administration, with high exchange rates against us in the United States. But I want to say that we have come through very successfully. We have a statement to-day that I am proud to present to this House (applause), and I am sure that no one in this Legislature will contradict me when I say that the adverse conditions with which we have had to contend have never been duplicated under any previous Provincial Treasurer, or any preceding Government.

Now this is the last session of the present Parliament, and I am here to present to the House the financial statement of the Province of Ontario, and—I don't say it in any boastful mood—but I am here to give you the true facts, and am perfectly willing to let the public decide in the next election as to whether they think the present Government has carried on successfully.

Further Improvements to Public Accounts

The Public Accounts have been presented to the members as usual, previous to the bringing down of the Budget. Every dollar of expenditure is included within its pages. There is a possibility of mistakes creeping in on account of the haste with which the Accounts necessarily have to be prepared.

The present administration has endeavoured to simplify them to a great extent, and I believe we have succeeded.

Last year we presented the Accounts of each Department by itself and indexed, which assisted honourable members greatly in finding information. We have instituted a new feature this year which may help members to find items of interest, which is the inclusion at the beginning of each Department of a recapitulation of all the expenditures coming under the control of each Minister, showing the amount of appropriation, the amount expended, and unexpended, or over expended as the case may be. It should be borne in mind that it is a volume of over a thousand pages, and entails a very great amount of work in the Department to get out in such a short time,—the fiscal year commences November 1st. I am convinced that the time is almost ready for the changing of the date of the close of the fiscal year of the Province, in order to give more time to the Department to get these volumes of Public Accounts out, and to give the Department time to verify its work before the Session opens. In the Dominion House the fiscal year closes on the 31st of March, and all the provinces close much earlier than the Province of Ontario. With that same thought in mind, when the late Colonel Matheson was Provincial Treasurer in 1909, and when the Public Accounts were very much smaller, the fiscal year was put back from December 31st to October 31st. With the growth of the Province, and the increase in uncontrollable expenditures, I think the time is almost ripe for making the closing date of the fiscal year still earlier in the calendar year, say the end of May.

Substantial Surplus

I present statements to the House and the members can readily see that the total ordinary receipts for the year ending October 31st, 1922, amounted to \$38,507,311.09. The ordinary expenditure amounts to \$37,442,985.83, showing a surplus of \$1,064,325.26. This very substantial surplus gives me great satisfaction in the knowledge that we have carried on all the various undertakings of Government, paid everything as we went along, and have contributed very largely to the expenditures which have been of great assistance to the rank and file of the people of the Province of Ontario as a whole.

You will also note that we have again this year carried into our ordinary receipts the sum of \$1,218,059.35 from the Lands and Forests Department, which this Government always maintains should be placed in the capital columns, as, to that extent, it was a depletion of our forests. The Government might easily take credit for making provision for reforestation which is being steadily carried on very extensively, and which will ultimately be of great value to the Province of Ontario as a whole in timber resources, and I believe myself that a much more intensive forestry campaign should be carried on. We have throughout the Province thousands of acres of waste land in the older parts of the Province, returning nothing to anybody, which would make ideal places for carrying out reforestation and be of great public benefit, not only from a revenue producing standpoint, but also from the standpoint of affecting the climate.

A Good Record

In the four years the present Government has been in office the expenditures have been mounting up. At the same time revenues have been more than keeping pace with our expenditures. The first year we brought down Public Accounts, for which the previous administration were responsible, they showed a deficit of \$1,559,802. The next year, for which the present Government was responsible, it also showed a deficit of \$802,742.83. The following year we showed a surplus of \$681,789.41, and this year we have the magnificent surplus of \$1,064,325.26—a good record. (Applause.)

Ordinary Receipts

In dealing with the ordinary receipts there have been many increases made in the amounts collected, and the result of legislation introduced by the present Government provided much new revenue. I shall not deal with that in any great detail as the members have the statement before them, but I would like to make special mention of a few which I think will be of particular interest to the members.

Subsidy. The first item is subsidy, \$2,765,729.08, which is \$369,350.20 more than the amount received in 1921, and is based on the new census. It may be of interest for honourable members to know how this subsidy is arrived at. There is a

fixed grant of \$240,000 in consideration of the surrender by the Province of the Customs and Excise to the Dominion of Canada. Then the sum of \$142,414.48 appears as part of the cash subsidy, which has been treated as interest on trust funds held by the Dominion, and the balance is made up of a grant of 80 cents per head of population up to 2,500,000 and 60 cents over that. The population of Ontario in 1901 was 2,182,947; in 1911, 2,523,274; and in 1921, 2,931,264. I am sorry the Government could not take credit for the increase in population. Under the old administration they took credit for the increase in population in the Province of Ontario.

Lands and Forests. The next particular item is that of Lands and Forests, and it is indeed gratifying to tell the House that the revenue from this source in the past year was the largest since Confederation. The magnificent total of \$4,439,340.03 has been collected—over double the amount received from this source in the last year under the previous administration, and of that amount we have charged to ordinary receipts \$3,221,286. This large increase is due to the enlarged and equitable timber dues established by the present Government.

F. W. Hay: Might I ask if the dues have been advanced?

HON. MR. SMITH: Yes.

This accounted for no less an amount than \$460,258.70 in increased dues, and the further sum of \$400,000 was received as a partial result of the Shevlin-Clarke action.

MR. MCCREA: Could the Provincial Treasurer tell us how much is in from the Shevlin-Clarke?

HON. MR. SMITH: I haven't got the particulars. Around \$300,000.

MR. MCCREA: Will the Provincial Treasurer give us the amount received from all the timber settlements?

HON. MR. SMITH: I will at a future date. I have not got the details with me to-day.

Motor Vehicles. Then a very material increase of revenue was received from motor vehicle licenses, namely \$532,069.77 more than last year. I do not intend to enlarge upon the

increase in the motor vehicle licenses. The Hon. Minister of Public Works and Highways is absent on account of illness, and he will, no doubt, go into that in detail when he delivers his address on the Budget; he is thoroughly conversant with the whole roads policy. I do not intend to-day to go into the detailed expenditure of every department as I am going to leave that to the Ministers themselves. The Treasurer is not supposed to defend the expenditures of the Ministers, but to look after his own department and supply the money for carrying on the different undertakings in the Province of Ontario.

MR. HAY: The Ministers heretofore have never defended the expenditures.

HON. MR. SMITH: They have had nothing to defend.

Succession Duties. The largest revenue producer in the Province for the year was the Succession Duty fees, the amount received being \$6,523,245.21. As I have said before in this House, the Succession Duties is an especial contribution of wealth to the Provincial Receipts, and during the session of 1920 the Government increased the rates of duty very largely, and we were told at that time that they would drive industry out of our country into the Province of Quebec, which had a much lower Succession Duty at that time than Ontario. Since then Quebec has increased her duties on a par almost with the Province of Ontario, so that there is no chance to-day of there being any excuse for industries going to the Province of Quebec to evade our Succession Duties. Ontario is producing more millionaires each year, and the principle of taking a portion of their estates and distributing it in channels from which the less fortunate people may derive benefit is to my mind the proper and sane method. It might also be added that close supervision of the various estates has resulted in increased valuation. Twelve estates alone were increased in value by the officials to the amount of \$973,476.03, which has resulted in increased duty of \$117,759.74.

Estates during the year held Ontario bonds free from Succession Duty to the amount of over \$2,000,000 and the loss in duty in this respect represents the sum of \$419,333.18.

Condemnation of Tax-Exempt Securities

The National City Bank of New York monthly report of January, 1923, is devoted to economic conditions and Government finance. It quotes freely from the Annual Report of the Honourable Andrew Mellon, Secretary to the Treasury of the United States, and I wish to draw especial attention to what he says regarding tax-exempt securities. It is a pity that the preceding administration did not have something of this sort to guide them before they issued \$23,000,000 of succession duty free bonds. In dealing with his recommendation that Congress stop further issues of tax-exempt securities Mr. Mellon says:—

“The most outstanding avenue of escape from the surtax exists in the form of the tax-exempt securities issued by the Federal and State Governments and the political sub-divisions and agencies of the latter. The effect of these exemptions is to provide a perfect avenue of escape from the Federal surtaxes, especially valuable to the wealthiest investors.

“There is nothing clandestine or irregular about the action of the investors, nor are they responsible for the fact that the securities are tax-exempt. The responsibility is with the legislators who not only permit the situation to exist in the case of the government issues, but who go out of their way to create other tax-exempt issues, like the Federal Farm Loan Bonds, for the very purpose of attracting this class of investors. They must know that a five per cent. bond exempt from taxation is much more attractive to an investor who is subject to the high surtaxes than to an investor who is not subject to the surtaxes.”

The old administration commenced issuing these succession duty free bonds in 1906. I will read the House the details of the issues:—

Date of Issue	Maturity	Amount	Rate of Interest
July 1st, 1906.....	One-half due July 1st, 1926, and one-half due July 1st, 1936..	\$3,000,000.00....	3½%
May 1st, 1909.....	May 1st, 1947.....	£1,640,547-18-11	4%
June 1st, 1909.....	June 1st, 1939.....	\$3,500,000.00	4%
May 1st, 1911.....	May 1st, 1941.....	\$500,000.00	4%
November 1st, 1911...	November 1st, 1941...	\$3,000,000.00	4%
January 1st, 1914.....	January 1st, 1965....	£817,294-0-0	4½%
January 1st, 1917.....	January 1st, 1923....	\$1,000,000.00	5%
(matured)			

In round figures they issued \$23,000,000 in bonds free from Succession Duties on which the Province of Ontario has lost in Succession Duties during the last three years approximately \$1,000,000.

I cannot understand why the previous administration issued those Succession Duty Free bonds. They may say that they were sold more easily by this method, but people did not care so much then about Succession Duty Free securities, and these bonds have since become very valuable. We might lose the duty several times on each block because we have no guarantee that when one estate has them and escapes duty payments that they will not be turned over to another estate. As a matter of fact we know where it has taken place several times.

MR. J. A. CURRIE: If those are held in the United States, are they free from that duty?

MR. SMITH: They are not subject to Ontario Succession Duties.

We have retired or re-purchased almost nineteen millions out of the total twenty-three millions.

MR. HAY. Does that reduce our liability or are you holding them?

MR. SMITH: Twelve million are retired, and seven million are held in the name of the Treasurer of Ontario.

MR. NICKLE: At what date did you redeem the 1923 tax-free bonds?

MR. SMITH: The 1st of January, 1923.

MR. NICKLE: When they fell due you simply paid them? You did not redeem them by buying in?

MR. SMITH: They were retired at maturity at par.

MR. NICKLE: Didn't you buy in the 1923 at above par?

MR. SMITH: You will find that in the Public Accounts.

MR. NICKLE: How much of the item of succession duties is cash paid in and how much represented by bonds in lieu of duty?

MR. SMITH: The Public Accounts shows that also in the first statement.

I want to mention in regard to Succession Duties that

although we collected over \$6,500,000, the total cost of collection of that large amount was only \$30,915, for real estate valuations, legal services, salaries and everything combined. I intend to give the House more information on legal fees later on.

Corporation Tax. The next large increase was the revenue from the Corporation Tax, which amounted to \$5,641,357.12, and is some \$2,500,000 more than the previous year, \$2,212,200 representing the five per cent. tax on betting is included in this amount.

Hydro-Electric Interest. Another large increase was Hydro-Electric Interest—\$1,400,000 more than last year. Owing to the unfortunate situation in the Nipigon District the Hydro did not pay us the interest on the development at that place, but, pending judgment, we are including it as an outstanding account, and it appears in the Statement of Assets. The amount is \$290,000.

T. & N. O. Receipts. From the T. & N.O. we received the large sum of \$600,000, or more than \$400,000 over 1921. It might be of interest to know that the T. & N. O. Railway finances are in excellent condition. In 1919 there were overdrafts amounting at times to \$415,000, but during the years 1920, 1921 and 1922, these overdrafts were eliminated, and the Profit and Loss Account put in first-class condition, showing a substantial surplus this year of \$669,000, of which was paid the Province \$600,000.

Ordinary Expenditures

If the members will look at the statements on their desks, they will see the Ordinary Expenditures listed. They will note that the Mothers' Allowances payments are included under "Ordinary."

MR. NICKLE: Where were they last year?

MR. SMITH: "Extraordinary."

MR. MACBRIDE: In view of the amount you are raising from Corporation Taxes, Succession Duties, etc., do you not think you could afford to be more liberal with Mothers' Allowances?

MR. SMITH: I have not the authority. We have been doing pretty well, I think.

MR. MACBRIDE: I give you full credit and commendation for the Mothers' Allowances Act. I only suggested that you be more liberal.

MR. SMITH: The suggestion is worth considering, and will be considered. The Mothers' Allowances, as I have just stated, are included this year in the Ordinary Expenditure, and you will recall the situation last year, when the Prime Minister in giving his address on the Budget Debate admitted that eventually the Mothers' Allowances would have to be paid out of Ordinary Revenue. The only reason he gave the House at that time was that this large expenditure (\$1,379,293) had not been provided for, and was not stabilized, but as soon as we had the Act working on a permanent basis, we would charge it against Ordinary Revenue. The beneficiaries in 1921 were 2,660, last year 3,559, and the expectation is that the number will not increase very materially. The whole Province is now practically covered, and there will not be any very great variation. This expenditure represents a net cost to the Province of \$762,000,—the balance being collected from the municipalities. We received from the counties \$246,000.00, cities \$361,000, and separate towns \$11,000. I wish to commend the municipalities for the promptness with which they have paid up their apportionment. There is still outstanding from the municipalities \$61,000, which we were entitled to at the close of the fiscal year, but owing to the fact that the municipalities were not billed until November 15th, they owe us the last month, as it were.

Ordinary Statutory Expenditure

Now the next item of large expenditure was Statutory, and as I know the House will be interested to know what is contained in Statutory, I will read the items:—

Salaries of Ministers and Auditor.....	\$68,000 00
Criminal Investigations.....	49,668 65
Surrogate and County Judges.....	58,110 52
Ontario Election Act.....	12,149 61
Sheriff's Incomes.....	7,192 06
French, Scholarships.....	6,006 00
Workmen's Compensation Act.....	126,000 00
University of Toronto.....	507,000 00

Ordinary Interest, Payments on Loans.....	11,719,682	70
Refund 2 per cent. on Crown Dues.....	479	97
Lady Whitney Annuity.....	611	11
Teachers' and Inspectors' Superannuation Fund.....	554,158	16
Northern Development.....	581,838	54
Highways Maintenance.....	903,732	20
Assurance Fund, Land Titles Act.....	2,750	00
Common School Fund.....	1,837	94
Seagram Bequest.....	200	00
Teachers' and Inspectors' Superannuation—Audit.....	1,200	00
Probation Officers.....	117	81
Salaries not Voted.....	8,967	77
Total.....	\$14,609,703	04

Expenditures Less Than Estimates

The total Estimates voted by the House last session amounted to \$52,454,647.83. The expenditure of these votes was \$44,231,705.65, leaving an unexpended balance of \$8,-222,942.18. There were only three departments that exceeded their estimates last year: Education, \$150,464.78, due to the greater number of public schools qualifying for the larger grants; hospitals and charities, \$241,161.19, owing to the larger number of persons in these institutions than was expected; maintenance and repairs exceeded estimates by \$27,000, and refunds, over which we have little control, \$23,000.

Large Capital Expenditures

I have a list of capital and extraordinary expenditures here, and I will read the items to the House:—

EDUCATION.

Assisted Schools.....	\$7,700	00
Consolidated Schools.....	104,542	56
Technical Education.....	552,906	32
Provincial and other Universities.....	1,538,688	00
	\$2,203,836	88

HOSPITALS AND CHARITIES.

Sick Children's Hospital, London....	\$20,000	00
National Sanatorium Association....	75,000	00
Rosedale War Memorial Hospital, Matheson.....	1,000	00
Essex Health Association.....	20,000	00
Public Hospital, Sioux Lookout.....	2,000	00
	118,000	00

REPAIRS AND MAINTENANCE.

Vault Fittings, Parliament Buildings	17,605	70
Colonization Roads, Capital Ex- penditure.....	402,710	69

LANDS AND FORESTS.			
Capital Account.....	\$711,330	72	
Shevlin-Clarke Investigation.....	28,690	50	
Russell Timber Commission.....	4,636	38	
			\$744,657 60
MINES DEPARTMENT.			
Peat Fuel Investigation.....	\$35,236	39	
Temiskaming Testing Laboratory..	25,363	50	
			60,599 89
GAME AND FISHERIES.			
Buildings.....			38,048 35
PROVINCIAL SECRETARY, MISCELLANEOUS.			
Unemployment Relief.....			102,523 08
TREASURY DEPARTMENT, MISCELLANEOUS.			
Soldiers' Aid Commission.....	\$112,000	00	
Purchase of Films.....	102,748	19	
			214,748 19
LABOUR AND HEALTH.			
Unemployment Relief.....			233,235 89
PUBLIC WORKS.			
Capital Account.....			588,942 16
PUBLIC BUILDINGS.			
Capital Account.....			1,508,080 20
STATUTORY CAPITAL EXPENDITURE.			
Annuities and Railway Aid.....	\$241,002	71	
University of Toronto Certificates...	30,000	00	
Agricultural Finance Act—Savings			
Offices.....	85,458	09	
Drainage Debentures Purchase.....	319,260	18	
Municipal Sinking Funds paid off....	557	78	
Sinking Funds on English Loans....	37,747	53	
Sinking Funds on Canadian Loans...	5,609,860	94	
Retirement Inscribed Stock, London.	2,948,815	95	
Public Service Superannuation Fund			
Payment and Annuities.....	111,666	78	
Public Service Superannuation Fund,			
Government's Contribution....	209,885	62	
Loans, Debentures Guarantee Act...	5,119	48	
Highways Construction.....	17,188,184	24	
Northern Ontario Development.....	1,519,297	86	
Ontario Housing Act.....	428,387	72	
			28,735,244 88
SPECIAL WARRANTS.....			1,670,646 99
Hydro-Electric Advances.....			12,962,417 00
Hydro—Amount charged to Province....			230,000 00
T. & N. Railway Advances.....			2,054,182 82
Total Capital and Extraordinary Expenditure..			\$51,885,480 32

Heavy Obligations Left by Old Regime

I would like to take a little time to tell you some of the legacies left by the old Government. We have been accused all over the Province of extravagance and that our expenditures have been mounting up, but I wish to give you a few

samples of what we had to contend with when we came into power. In 1917 the previous administration passed an Act, known as The Teachers' and Inspectors' Superannuation Act, which gave a retiring allowance to teachers and provided for the creation of a fund known as The Teachers' and Inspectors' Superannuation Fund, the teachers and inspectors and the Government contributing the same amount. The fund was in the custody of the Provincial Treasurer.

Now, Mr. Speaker, notwithstanding that they passed the Act themselves, and had been in power three years after passing the law, when we came in we found nothing had been done except that the payments had been received from the Teachers and Inspectors and had gone into the Consolidated Revenue Fund. They had kept an account of it, and it had appeared in the Public Accounts, but no actual contribution by the Government had been made. Shortly after we came into office this superannuation system was taken up and we put it on a good solid basis, according to the Act. In the first year (1920) we paid in round numbers \$1,000,000. We cleaned up the whole situation as far as the old Government was concerned, making a total payment in that year of \$1,084,364; in 1921, \$439,224.01, with interest of \$28,329.95, making \$467,553.96; and in 1922, we paid \$526,246.07, with interest \$27,912.09, making \$554,158.16, and we paid that amount out of ordinary revenue.

MR. J. A. CURRIE: How much did the teachers pay?

MR. SMITH: The same amount.

MR. J. A. CURRIE: Is the teachers' amount included in the sum you gave?

MR. SMITH: No, that is a separate sum; we do not receive the teachers' money in the treasury office at all. It goes direct to the fund, but it is a fund by itself, and does not even come through my office. The grand total this Government has contributed to the Teachers' and Inspectors' Superannuation Fund is \$2,106,066.72, so that the total amount of the fund would be almost double that amount.

Another large legacy the present Government had to take responsibility for was loans under the Housing Act. In 1920 it cost \$4,236,708. In 1921 the Government gave notice

that they would withdraw from the loaning for Housing in the various municipalities, but they were committed to a certain liability with municipalities that had a guarantee of a certain amount of money, and therefore could not withdraw because they had started the groundwork, as it were, so in 1921 we paid \$1,589,223, and in 1922 \$428,387. This will complete the outlay of the Government on the Housing scheme.

Then we have another item by which the Government gained considerable, and probably saved the country from financial embarrassment; election expenses, \$608,960. Another thing that contributed largely to our uncontrollable expenditure was hospitals at Cobourg and Whitby, and the penal institution at Guelph, taken over during the war by the Federal Government. These institutions, I may say, also were in a badly neglected condition; all the institutions of the province were very much run down. No doubt the old administration felt they could not spend much money on them during the war, and it was up to the present administration to build up these institutions; and you have always got to remember this, that when you have a building or other things where there is depreciation you must make provision for keeping that building up, setting aside a certain amount each year for repairs. An estimated amount would be three per cent., and in our estimate we have kept them up with a little less than three per cent. on the original cost.

Legal Fees Compared

Another thing I want to bring to the attention of the House. My honourable friend from Grenville and the honourable member for Kingston have been going up and down the country telling people how much we spend on legal fees. The public would be led to believe that there had been no legal services engaged in this Province until the present administration took office.

HON. MR. FERGUSON: No, no, this Government was through with lawyers.

MR. SMITH: This Province is through, I believe, with some lawyers. (Laughter.) Up in London the honourable member for Grenville claimed it was the first gun in the campaign.

I imagine I hear him saying it at that Friday night banquet in London. He criticized the number of lawyers this Government has engaged. I do not say there is any injustice in him going out and telling the number of lawyers we have engaged, but I say people living in glass houses should not throw stones. In 1916-17, under the old regime, they paid for legal services, \$58,059.73 and employed 14 law firms.

Now I don't pretend to have any extra intelligence, but I claim to have good common sense. In 1917-18 the old Government paid \$57,078.66 and employed 20 law firms. In 1919, \$54,198.66 and employed 21 law firms. The present administration in 1919-20 paid for legal fees \$20,281.09 and employed 16 law firms, but \$7,350 was left over from the previous year, so the legal fees for which the Government was responsible amounted to \$12,931.09. Similarly, in 1921, \$114,496.45 was paid for employment of 27 firms, but of the amount some \$20,345.77 was left over by the late Government, so the legal fees in that year for which the Government was responsible were \$94,150. In 1922 the present regime paid out \$72,788 and employed 25 law firms. Compare the records: In three years the late administration paid out \$169,337.05, but were directly responsible for \$197,032.32, while in three years under the present administration the Government was responsible for \$179,870.38.

Results Justified Expenditure

But there is another side to this question. What was the result of the moneys paid out to these lawyers under the present Government? I think they were well worth while. The Government has already received from the employment of lawyers in the timber investigation alone, \$400,000, more than twice in cash what was paid out for lawyers. But we have, moreover, an outstanding asset (\$1,000,000 from the Shevlin-Clarke Co. alone) in the timber which is being cut as the result of the judgment of Mr. Justice Logie.

MR. J. A. CURRIE: Do I understand that is paid in, too?

MR. SMITH: Four hundred thousand is paid. I want to give you another example. In one year alone, when the succession duties did not amount to one-third of what they amount to the present year, they paid a law firm down-town

\$18,000 for investigating a case. In 1922, when the succession duties amounted to six and a half million, the amount paid for legal fees was only \$93.40, and that would not have been spent but for the fact that it was so far away that we could hire a lawyer in the district much cheaper than to send our own man up and pay his expenses.

MR. NICKLE: Do I understand \$72,000 was spent in 1921-22, and that covers fees paid Mr. Justice Sutherland, Mr. Gregory, Mr. Justice Latchford, Mr. Justice Riddell and expenses incurred by the Hydro-Electric Commission in their investigation?

MR. SMITH: I am not including judges by any means.

MR. NICKLE: You just mean legal fees. You don't count what was paid Justices Riddell and Latchford as legal fees?

MR. SMITH: They are not legal fees. Of course, if you take that into consideration, we pay judges' salaries throughout Ontario.

MR. NICKLE: You mean money paid to lawyers for legal fees, but not lawyers when they acted as commissioners?

MR. SMITH: Yes, legal fees.

MR. HILL: You spoke about the small amount of lawyers' fees in connection with the succession duties last year. How do you investigate these estates?

MR. SMITH: We investigate ourselves, with our own lawyers. The Solicitor under the Succession Duty Act is paid a salary and was under the old Government, but it was a wonderful field for patronage in the good old days. (Laughter.)

Financial Records Compared

I now wish to place before the House and the country at large the financial record of this Government for the fiscal year 1922 in comparison with the last year of the old administration; that is, to compare the expenditures and revenues of 1919 with those of 1922. This comparison reflects great credit upon the present Government, especially when it is considered that we have been in office during a very trying period,—the reconstruction period following the war, the

effect of which has been felt by governments as well as by individuals.

In our first year of office we had to make large borrowings for Hydro-Electric, Public Buildings, and Highways. Despite the high price of materials and high cost of labour this Government has gone ahead with what we believed to be in the interests of the Province at large. We have raised our revenues by taxation on the wealthy corporations, wealthy estates, amusements, luxuries, etc. There is no tax levied by this Government which is of a burdensome nature.

By way of comparison let me tell you of the old Government when they were in dire distress and wanted money in 1915. They did not increase the succession duties or tax the wealthy, but when the Honourable Mr. McGarry brought down his Budget Speech in 1915, he announced a war tax of one mill on the dollar. This was a tax on every acre of land in the Province and every home, and yielded about \$2,000,000 a year. I submit it was an injustice to the people of the Province of Ontario. No matter whether a man had a mortgage on his house or farm, he had to contribute his mill on the dollar. Contrast that, Mr. Speaker, with what I have already cited. We have taken our money from sources that have not affected the condition of the Province one iota. We have taken no taxes from the poor man, nor do we intend to.

Where the Money Came From

I wish to illustrate how revenues have been increased, new sources sought and results produced.

In 1919 the Ordinary Receipts were.....	\$19,900,000 00
In 1922 the Ordinary Receipts were.....	38,507,000 00

It will, therefore, be seen that the revenue was increased over eighteen and one-half million dollars.

I will tell the House where some of these increases came from:

	1919	1922	Increase
SUBSIDY.....	\$2,396,378 00	\$2,765,729 00	\$369,000 00
Due to increase in population.			
INTEREST.....	363,154 00	959,773 00	600,000 00
Due to special deposits, housing interest, etc.			

LANDS AND FORESTS.	1,968,341 00	3,221,280 00	1,252,939 00
Due to increase of crown timber dues by Order-in-Council, April 8, 1920, and increase of prices of summer resort lands, by Order-in-Council May 29, 1922.			
EDUCATION.	70,500 00	355,000 00	285,000 00
AGRICULTURE.	219,700 00	312,000 00	93,000 00
GAME AND FISHERIES.	703,938 20	762,345 00	58,406 80
Due to increased fees in establishing a system of royalties on pelts.			
PROVINCIAL SECRETARY'S DEPARTMENT.	1,521,717 00	1,540,940 51	.....
LAW ENFORCEMENT, O.T.A. ....	.....	1,732,042 14	1,732,042 00
MOTOR VEHICLES.	1,580,000 00	3,477,000 00	1,897,000 00
Due to increase by legislation of motor fees and garage licenses.			
PUBLIC HIGHWAYS. ....	.....	346,000 00	346,000 00
INSURANCE.	80,500 00	129,000 00	48,500 00
Due to increases in insurance agents' fees by amendment to the Act, and increase in registry fees of insurance companies by Order-in-Council.			
LAW STAMPS.	142,800 00	318,400 00	175,600 00
SUCCESSION DUTIES.	3,500,000 00	6,500,000 00	3,000,000 00
Due to a large extent to new rates imposed under Acts of the Legislature since 1920			
CORPORATION TAX.	1,750,000 00	5,640,000 00	3,890,000 00
Due to 5 per cent. Tax on Wagers—Tax on Banks doubled—Race Tracks increased from \$1,250 to \$7,500 per day. Stock Transfer Tax raised from 2c to 3c per 100, etc.			
CASUAL REVENUE.	1,450,000 00	2,100,000 00	650,000 00
Due to new Tax on Pool Rooms, \$70,000.00, Amusement Tax, etc.			
T. & N. O. ....	.....	600,000 00	600,000 00
HYDRO-ELECTRIC (Int.)...	2,036,000 00	5,866,900 00	3,830,900 00
LAND TRANSFER TAX. ....	.....	520,000 00	520,000 00

Most of these increases are due to new legislation by present Government, and to better administration, and the

revenues have materially increased with the growth of the Province.

The Increased Expenditure

I have shown you how we have increased the revenues of our predecessors, and I will now make a comparison which will clearly show that this Government has spent the money in the interests of the people to a far greater extent than the late Government.

In 1919 the expenditure was \$21,000,000; in 1922, \$37,000,000. There is, therefore, an increase of about \$16,000,000 to account for, and I propose to take a few minutes now and show just where the increases came in and where the money went.

Large Grants for Education

Take for instance, education. Four years ago we promised the people of Ontario that education would be liberally supported. We have kept our pledge—spending much more on this corner-stone of the structure of the Province's prosperity. The previous Government spent in 1919, \$3,300,000, while this administration in 1922 spent the magnificent sum of over \$7,600,000—an increase of \$4,300,000. This is a large increase, and we have got results. Our children are better served, better quartered and better satisfied. Our teachers are better paid, and our special technical schools well equipped, seventeen technical schools having been either completed, or almost completed, by this Government.

Now, I am well aware that there are among our critics those who are skeptical in educational matters, and educational equipment, and point to the old red school-house as typifying the peak of educational achievement in the way of buildings, and can cite distinguished men and women who have achieved education in the old school-house with its imperfect ventilation, etc., but would any of these critics be ready to go back to the old building? Not by any means. We have spent largely on education, but we have not been extravagant. Though inferior methods and equipment have never proven insurmountable obstacles to the select few, a higher level is fostered by a standard as thoroughly maintained as financial resources permit. We are willing to abide by the public conscience in the matter of education. The large amount of increase is accounted for by the number of rural

schools earning the larger grant, and creating efficiency in the school-room, from the standpoint of equipment and better qualified teachers. There has also been great expense for technical schools, of which the Dominion Government pays 50 per cent. of the cost of construction. We have no apologies to offer for our educational expenses.

More for the Public Service

Civil Government cost \$1,065,000 in 1919, and in 1922 \$1,800,000. The increase is accounted for by the fact that the Civil Service were given a reasonable increase in salary. Formerly all officials in the outside service were allowed certain perquisites, such as house, fuel and light. These have all been charged up to the individuals themselves as salary now. Previous to this time, these were left out of the reckoning absolutely.

Other factors that contributed to the increase in this service were new offices established, such as the Provincial Savings Offices, Agricultural Development Board, Mothers' Allowances Commission, Minimum Wage Board, etc.

More for Public Institutions and Agriculture

For Public Institutions, the increase in three years was \$950,000, caused mainly through the return of three institutions (Cobourg, Whitby and Guelph), after temporary use by the Federal Government for war purposes. There was also a large increase in Hospitals and Charities. It is, therefore, seen that this Government spent \$1,400,000 more for the invalid wards of the Government in 1922 than the old Government did in 1919.

There was also a large increase in the amount spent for Agriculture, mainly brought about by work of the "short course," inaugurated by the present Minister, which is becoming quite popular. This is a school instituted in the counties,—I think last year. We also instituted an experimental farm down in South-West Ontario. About \$50,000 has been invested in lands and buildings, but the cost and maintenance will be returned manyfold to the people of that district, by the benefit they will derive by testing out of various crops.

Another outstanding increase in the Labour and Health

Department, due to health expansion in instituting clinics of various kinds throughout the Province for the convenience of the public. Then, of course, there is the Mothers' Allowances of \$1,379,000.

Summary of Increased Expenditure

In round figures there is \$16,000,000 of an increase for 1922 over 1919 to account for. If we take off the interest, we have \$11,000,000 left. Deduct the Education increases and we are down to \$6,500,000. Take off the increases in Labour and Health, which includes the Mothers' Allowances, and we have \$4,600,000 left. Now we have the Public Institutions increases. If we deduct them we still have \$3,600,000. Take off Statutory Expenditure—\$2,600,000—and we have \$1,000,000 left. Deduct the Agricultural increases, and we are down to \$610,000. The Hospitals and Charities increase was \$400,000. Deducting this brings us down to only \$210,000, and this is divided up in Legislation, Colonization Roads and Treasury Department.

This accounts briefly for our increased expenditure, details of which are in the Public Accounts and open for the inspection of anyone.

Larger Grants for the People

Now, Mr. Speaker, I have in my hands a most interesting document entitled, "Ontario's Successful Financing—Revenues Applied for Enlarged Public Services."

I imagine this document was edited by the member for Grenville. It is in a condition similar to the old party,—somewhat dilapidated.

This little pamphlet was, I believe, used very extensively in the last election, and in view of what has been said throughout the Province, I think it is appropriate that I read a portion of it to the House. The old Government took great credit for increasing the revenue. They gloried in it and advertised the fact. The pamphlet says, "Ontario's finances are so well managed that there is no controversy in regard to them." They had increased the revenue from \$4,400,000 in 1904 to \$19,200,000 in 1918. Our revenue to-day, Mr. Speaker, is \$38,000,000, over twice the amount of the sum claimed in this document. They took great credit for increasing the taxes on race-tracks from \$500 per day to \$1,250. Mr.

Speaker, we have increased them to \$7,500 per day, and in addition have raised over \$2,000,000 from the 5 per cent. tax on wagers.

Under the heading of "Larger Grants for the People," the pamphlet states that \$3,807,000 was spent for education in 1919, and proceeds to say that the 1919 outlay for education is more than double that of 1910. Why, Mr. Speaker, this Government has spent over \$9,000,000 in 1922 for education,—three times that of 1919 and five times that of 1910.

I could give similar comparisons all through this little pamphlet, but my time is limited.

Suggestions for Retrenchment Invited

Every dollar spent by this Government has been in the interest of the Province of Ontario, and just in passing, let me read you what the Honourable Mr. McGarry said in his Budget Speech delivered on the 23rd day of February, 1915:—

"Returning to the question of assets and liabilities, "I will ask my honourable friends what they expect to "gain by making the attack upon the Government with "respect to the state of our finances to-day. We have "given to the House, and we are giving to the country, "the statement of the assets and liabilities, giving a "statement of the revenue and expenditure. We are "able to show, and we are not ashamed to show, that if "during the past ten years we have largely increased "the expenditure of this Province, we have collected the "money with which to do it. But we have taken on "increased obligations, and we have provided the means "to do it. We have shown, and we are continuing to "show, that every dollar of expenditure by this Govern- "ment has been in the interest of the Province of Ontario. "I ask honourable gentlemen if it is their intention to "have us reduce our grants to education? If they are "going to reduce, let them stand up and say so. I ask "my honourable friends if it is their intention to reduce "the grants for the maintenance of Public Institutions, "or the Hospitals and Charities? I ask my honourable "friends if it is their intention to reduce the grants to "Northern Ontario roads, if it is their intention to curtail "the amount spent upon agriculture? I ask them, in

“heaven’s name, if they are going to traduce the good name of this Province, and if they wish to establish before the world that we are going to the dogs and are in the face of ruination? I ask them, I repeat, to point to one way in which we can save the money. Will honourable gentlemen stand up and name one item in which they desire us to make a reduction?”

MR. SPEAKER, the same thing applies to-day. The honourable member for N.E. Toronto, the Conservative Whip (Mr. Thompson), in speaking on the Address from the Throne, said we should take more care of the feeble-minded, and that we should provide for old-age pensions—just going to show that increased expenditure is suggested by the Opposition and not retrenchment. Last year, my honourable friend from Kingston, in making his speech on the budget, advised more money for higher education. No particular retrenchment has been suggested, but expansion in every direction is always the cry.

The Provincial Debt

The direct liabilities in 1919 were \$97,572,000, and on October 31st, 1922, \$240,900,000—an increase of \$143,000,000, and I propose to tell the House just what composes this \$143,000,000 increase. It is astonishing how the honourable member from Grenville varies in his figures about Ontario’s debt. According to the press reports, he said in North Toronto recently, that our debt would be about \$260,000,000. At Ward 5 Conservative meeting, he said the debt in 1919 was \$97,000,000, which was correct. At another meeting, it is reported that he said the debt when the Conservatives left office was \$90,000,000 and now \$250,000,000. On November 25th, 1922, at the Conservative Club in Toronto, he said the debt was \$92,000,000 when they left office. On May 19, 1922, he said it was \$94,000,000—a million or two is neither here nor there between friends. (Laughter and applause.)

Where the Money Went

We have an increase in the three years in direct liabilities of \$143,000,000. Advances to the Hydro in the three years accounts for \$71,448,000 of it, yet we have been accused of being opposed to Hydro. Let me say in passing, that during the darkest hours of financing I hope this Province will ever face, we were paying one million dollars a week towards development of Hydro-Electric Power in this Province. Then in the three years we spent in round figures the following amounts:—

Hydro Electric-Power Commission.....	\$71,400,000 00
T. & N. O. Railway.....	3,300,000 00
Highways.....	36,900,000 00
Northern Ontario Development.....	3,700,000 00
Public Buildings.....	3,800,000 00
Colonization Roads.....	1,000,000 00
Lands and Forests:	
Forest Ranging, Fire Ranging, Surveys, Reforestation, Clearing Townsites, etc.....	1,400,000 00
Capital Expenditure on Public Works.....	800,000 00
Purchase of Bonds and Stock (Succession Duty Free) for sinking fund purposes.....	6,670,000 00
Housing Loans to Municipalities.....	6,250,000 00

I have accounted for \$135,000,000 and the remaining \$8,000,000 is represented by cash in the bank.

The T. & N. O. Railway a Valuable Asset

On 31st of October last, our gross debenture debt was \$221,836,338.56. This includes certain interest bearing and sinking fund debts. We have the Hydro Electric Commission advances of \$117,964,934.63. We have the T. & N. O. advances of \$25,653,675.02. I claim these are self-sustaining debts, as they are amounts invested in revenue producing enterprises. As the *Toronto Globe* in its editorial of February 22nd puts it, and I think very fairly, "no one would dream of regarding the T. & N. O. Railway as merely an addition to the Provincial debt." Although we have not the revenue in dollars and cents, we have received it in other ways, and the railway will eventually be a valuable asset for the Province. Although it shows a loss in interest charges at the present time, we are taking out of the earnings a sufficient amount to keep up the road, and to take care of it so the railway is always 100 per cent. or thereabout efficient.

Sinking Fund to Retire Debt Established

In addition to the revenue producing enterprises I have already mentioned, composed of the Hydro and T. & N. O. Railway, we have debts for Housing, \$7,355,717, and Drainage purposes, \$1,350,767, which are a direct liability upon the various municipalities, or, in other words, we have a total interest-bearing debt of \$152,325,994. Then we have the general sinking funds of the Province of \$7,921,883. Deducting these amounts, our net debt as of 31st October, 1922, is \$61,589,359, and, Mr. Speaker, I am at this time going to make provision to retire this debt of the Province of Ontario. (Applause.)

Expenditures Reduced to Meet Sinking Fund

I propose during the next few weeks of the Session to introduce an amendment to the Provincial Loans Act providing for the establishment of a sinking fund of half of one per cent. every six months, of the full amount of this debt. As of 31st of October, 1922, this would amount to \$615,893 annually, or \$307,000 every six months. I propose, Mr. Speaker, to pay this out of Ordinary Revenue and our expenditure will be reduced to allow of this being done and to pay for further interest charges. (Applause.) Therefore, commencing on the 30th of April next, I intend to go into the money market and, unless I change my mind, I will not buy anything but Ontario Government or Victory bonds for this sinking fund. These bonds will be put in the vault of the Treasury Department, and at the end of each six months we will take the coupons off and add the interest and go out and buy more bonds with the coupons, add interest on interest, and every six months continue this procedure. Within a forty-year period based on a four per cent. basis, our total indebtedness will be retired. (Applause.)

The Hydro-Electric will go on, but that is a municipal indebtedness which the municipalities will pay to us without any doubt.

Basis of Four Per Cent. for Sinking Fund

The debt could be retired earlier, but on a four per cent. basis, it just about retires the whole debenture debt at that date, but we will at the present time get a much larger

interest rate on the bonds we buy, for nobody can foretell what the interest rate will be in the future. It probably might take five years off our term and retire the debt at the end of thirty-five years. Hereafter that one per cent. per annum, or half of one per cent. every six months will apply to all these loans in the Province of Ontario for which a sinking fund is not provided.

MR. J. A. CURRIE: One per cent. per annum would wipe it out in twenty to twenty-five years. The Minister must be mistaken.

MR. SMITH: I don't think I am as likely to be mistaken as my honourable friend, because we have it worked out carefully by mathematicians.

You have to remember this: there has got to be a certain interest rate, and it altogether depends on the rate, and you cannot get up and say one-half per cent. will pay off a certain amount at a certain time, because you do not know what the interest rate will be.

MR. J. A. CURRIE: The honourable Minister knows now the interest rate on these bonds.

MR. SMITH: Supposing I go out and buy a 1933 Victory Bond. At 1933 it falls due, and say it is \$1,000, and I get it from the Dominion Government. Probably at the time that bond expires, 1933, the interest rate has gone down to $3\frac{1}{2}$ per cent. I invest that thousand at $3\frac{1}{2}$ per cent. Now, does any man stand up here and tell me he knows what the interest will be or what he is going to buy?

MR. J. A. CURRIE: He is putting aside every year his interest, and does not have to figure what his bonds are in the future. Besides, he can buy every year his own bonds into that sinking fund, as done by all the States and Provinces.

MR. HAY: The Provincial Treasurer is basing his calculation on four per cent.

Assets Exceed Liabilities

I now come to the Assets and Liabilities of the Province. The details of these are given in the Public Accounts. We have an increase in assets over last year of \$41,000,000, and

an increase in direct liabilities of \$35,000,000. Our direct liabilities are now \$240,000,000, but our assets are nearly \$14,000,000 over that amount. Honourable members will find details of this also in the statements on their desks.

Credit of Province Stands High

I now come to the subject of the credit of the Province and of the loans floated during the past fiscal year.

As the Public Accounts show in statement No. 1, we borrowed some \$84,000,000.

It will be a matter of satisfaction to the members to know that all our bond offerings met with a most favourable reception in the money markets.

We sold long term bonds to the amount of \$50,000,000 and I will give the House some details of this.

In January we floated a \$15,000,000 15-year, 5½ per cent. loan, series "ZZ". It was sold to the highest bidder, which was a syndicate composed of twenty-four bond houses, at a price of 101.4537, a cost basis of 5.35 to the Province. The *Globe* in commenting on this loan said, on January 5th:

Despite the low premium on New York funds, it was considered that the Province of Ontario made a good sale of its \$15,000,000 bond issue yesterday. The sale of Ontario 5½ per cent. bonds above par, shows a remarkable change in the money market and is proof that the credit of the Province is unimpaired by heavy borrowings.

Best Price for Loan since the War

In April I sold our second long term issue. It was also for \$15,000,000, 30 year term, five per cent, series "AB," and on calling for tenders, I received the remarkable price of 97.409 U.S. funds, from a syndicate composed of thirty-five bond houses, a cost basis of 5.16 per cent. and adding the premium on New York funds a cost basis of 5.01 per cent.

In view of what my critics have said, may I be pardoned, Mr. Speaker, if I say that I am proud of this piece of financing. It established a new mark and was the highest return received by any Province, or the Dominion, for bonds up to that date since the war. I do not think it wise to make comparisons, but I do say it reflects favourably on the financial administration of this Province that we were able to obtain so excellent a price.

The *Globe* in its issue of April 12th, in commenting on this sale, said:

The price was almost par and the cost basis slightly higher than five per cent. In view of the fact that former issues of Provincial bonds have sold substantially lower and the Province of Alberta issue offered in New York a few days ago was disposed of on the 5.30 basis, the price can be regarded as highly satisfactory.

The *Star*, commenting on this issue on April 11th, said:

New landmarks were raised in the market for Canadian Provincial bonds to-day, when the Province of Ontario, opening tenders at noon for its \$15,000,000 offering, accepted the bid of the National City Company of New York and Toronto, which was 97.409. Without taking account of the exchange premium, which the Province receives on the issue, the cost basis works out at about 5.18 per cent. New York funds. Adding in the exchange premium, the cost basis calculated in Canadian funds is approximately 5.01 per cent., the lowest price yet received on any Provincial issue.

The *Mail* on April 12th said:

The highest return on any Provincial issue since before the war, was received by the Honourable Peter Smith yesterday, when a \$15,000,000 issue of five per cent. bonds was sold to a syndicate of Toronto and New York bankers. Seven bids were put in by syndicates, an evidence of the excellent market for Ontario bonds.

The *Financial Times*, April 13th, said:

The price was almost par and the cost basis slightly higher than five per cent., etc. The price can be regarded as highly satisfactory.

Excellent Financing in U. S. Market

In September I advertised for tenders for \$10,000,000 loan, but on account of the Turkish situation, which was then very acute, I withdrew my advertisement until October, when I advertised and sold a \$20,000,000 issue, 20-year term, five per cent. series "AC," to the highest bidder (we always sell to the highest bidder), composed this time of a syndicate of no less than forty-one bond houses. The price was 97.67 U.S. funds, a cost basis of 5.18, or, deducting discount on U.S. funds, 5.20.

At a risk of wearying the House, I will read comments of the financial experts in the press on this issue:

Monetary Times, October 13th.

The feature of the bond market during the week was the sale of the twenty million Ontario issue for which tenders were called up to Tuesday.

That Ontario and other Canadian bonds are held in high esteem by United States investors can be judged from the number of tenders received,

totalling seven, representing forty-five prominent bond houses on both sides of the line, and also the price paid by the successful syndicate. Considering the condition of the market during the past few weeks the flotation was a success, as the cost to the Province was only 5.19 per cent., whereas the opinion of several of the bond dealers was that the Province would have to pay from 5.25 to probably 5.40 per cent., for its money.

Globe, October 11th.

A Province of Ontario issue of bonds amounting to \$20,000,000 was awarded yesterday to a syndicate headed by Kuhn, Loeb & Co., and including the Chase Securities Corp., Kidder, Peabody & Co., Hallgarten & Co., Wood, Gundy & Co., and United Financial Corp. The bonds mature in 20 years, bear interest at five per cent., and the Province received a price of 97.67 and interest, equivalent to a cost basis of 5.19 per cent. The entire issue will be offered in the New York market.

This is the largest piece of Canadian Government financing that has ever been carried across the border, with the exception of Federal Government loans. The offering commanded widespread attention among Canadian and American bond dealers, no fewer than seven tenders, representing forty-five firms, being submitted. The price paid by the syndicate is considered attractive, particularly in view of the size of the issue, and in the exceptional number of tenders received there is an indication of the favour with which Ontario bonds are regarded by investors on both sides of the line. This offering completes the Provincial Treasurer's long date financing for some little time.

Mail, October 11th.

The price paid by the syndicate was 97.67, at which price the money is costing the Province 5.19 per cent. This is considered to be a satisfactory price, and may be considered as evidence of Ontario's high standing in the United States market.

Financial Times, October 14th.

In commenting on the sale of the above loan said: "This is the largest single financing ever carried out by a Canadian Provincial Government in the United States and the offering commanded wide attention among Canadian and American bond dealers, seven tenders representing forty-five firms being submitted. The price paid by the syndicate is considered attractive particularly in view of the size of the issue, and in the exceptional number of tenders received there is an indication of the favour with which Ontario's bonds are regarded by investors on both sides of the line."

Is it not, Mr. Speaker, a most striking fact that the criticisms we have received did not come from financial men, from financial newspapers or the financial editors of daily papers, but from inexperienced partisans? I have many letters from disinterested persons, from men of all political parties, congratulating the Province on these bond sales, and I seriously say that in my opinion the credit of this wonderful Province, so rich in natural resources, prosperous and progressive, was never higher in the history of the money markets than it is to-day. (Applause.)

“Ontario’s Credit Stands the Highest”

Let me read one more opinion, an unbiassed, unsolicited opinion on my last bond issue of the year. This was made by no less a gentleman than Sir William Wiseman, a financier of international fame. He said, according to the *Toronto Globe*, in referring to the Province of Ontario bond issue: “We floated that \$20,000,000 loan for the Province of Ontario the other day in New York. There was no difficulty, for of all the financial propositions and of all the Canadian Provinces, Ontario’s credit stands the highest.” (Applause.)

Mr. Speaker, need I say more? My critics have frantically shouted all over the country of alleged extravagance,—the country was going financially to the dogs! But, Mr. Speaker, the financial barometer, which, by the way, is a very sensitive instrument, did not register anything beyond a slight disturbance. These extravagant utterings were not taken seriously by the people, or in the money markets, and to-day we stand as we should with unimpaired credit and with the Province of Ontario bonds forming a substantial part of the deposit boxes of the people. (Applause.)

Now, Mr. Speaker, this is an account of my financial borrowings in long termed bonds (the balance borrowed was in Treasury Bills, from the Ontario Savings Offices, etc., see statement No. 1). I am not ashamed of this record.

Application of Borrowings

What did we do with the \$84,000,000 borrowed? I think the House ought to know. The whole of these borrowings were paid into the Consolidated Revenue Fund and applied on Capital Account as follows:—

Refunding of Loans and Treasury Bills.....	\$40,010,000 00
Loans made under the Agricultural Finance Act. (See statement No. 1 for detail).....	2,711,000 00
Hydro-Electric Commission advances.....	14,134,000 00
T. & N. O. Ry. advances.....	2,054,000 00
Purchase of Succession Duty Free Bonds and Stock.....	5,609,000 00
Retirement of Inscribed Stock in London.....	2,948,000 00
Highways Construction.....	17,188,000 00

Tenders Opened Publicly

Our system of selling loans is different from the old Government. Of course, you should expect people to advance and get more up-to-date as time goes on. I never see the tender for the bonds until the day and hour the tenders are to be opened. All the bond brokers who wish to come up with their tenders are invited into my office. The tenders are laid on my desk and I read them out to the whole bunch. I don't sell any private loans and do not open any tenders in private. (Applause.)

Absolutely Sound Financially

I think I have shown the House the Province is absolutely sound financially. The statement and the way our bonds have been received is sufficient evidence. If we had done things that were alleged, there would have been good ground for criticism by honourable members opposite. I feel it is my duty probably as treasurer to bring this to the attention of the people and this House at this time. As I said earlier in my address, everybody has gone wild spending money, from individuals to Governments (hear, hear!), and notwithstanding that, we have tried here to reduce our expenditure, and we are determined to do so as you will see by the Estimates. Yet we have people coming to us saying, "you are spending too much there,—but give us so much over here." It has been the same with municipal and county councils, but fortunately the rural councils are in a sound financial position,—very few have any debt worth mentioning. The urban municipalities have a different story to tell. I have a statement of fifty-one such, and I am going to mention a few as to their per capita debt. This statement does not include the debt for which sinking fund is provided, but debt which must come out of tax rate.

MR. NICKLE: Excluding public utilities and all that?

MR. SMITH: Utilities deducted, and I give you the total debt and public utility debt.

Per Capita Debt of Municipalities

	Total per Capita	Public Utility Debt	General Debt
Brantford.....	\$127 85	\$55 08	\$72 77
Fort William.....	269 01	109 30	159 71
Galt.....	145 48	42 41	103 00
Hamilton.....	116 00	31 00	84 00
Kitchener.....	105 00	37 00	68 00
London.....	170 00	65 00	105 00
Oshawa.....	120 00	37 00	83 00
Ottawa.....	137 00	38 00	98 98
Peterborough.....	130 00	44 00	86 00
Port Arthur.....	392 94	156 00	235 97

up to 31st December, 1921. This gives you an idea of cities and towns in the Province. There are only nine out of fifty-one under \$100 debt per capita. Toronto has \$195.25 total per capita; \$96.58 public utility and \$98.67 general debt per capita.

These things have great significance in the welfare of the community. Some municipalities are so badly in debt they will have difficulty in financing themselves in a short time, and I think it is time people realize the war is over and get back to normal. (Applause.)

Per Capita Debt of the Provinces

Now I have here a statement of the different provinces in the Dominion. They are in a much more fortunate position than the urban municipalities. Quebec is the lowest. Their liabilities are \$62,115,000; their revenue-producing debt \$11,831,000, and general debt for which no provision is made except to take out of ordinary revenue, \$50,283,770, or a per capita debt of \$21.30. They stand first, Ontario is next. The direct liabilities, as I have already told you, are \$240,000,000; revenue-producing debts, \$152,000,000, leaving \$64,000,000 after deducting sinking funds, etc., of a non-revenue-producing debt, or a per capita debt of \$22.00. Nova Scotia is third, with a per capita debt of \$27.53; Saskatchewan, \$33.69; Manitoba, \$44.03; New Brunswick, \$44.65; Alberta, \$59.77; British Columbia, \$71.60. I have no hesitation in saying the Province of Ontario with her \$22 per head debt and great resources will have the least difficulty of any in meeting her obligations. (Applause.)

No New Taxation Contemplated

This province must go on in its forward movement, and nothing my honourable friends can say will stop it. (Applause.) I am fully decided at this time not to go into the field of taxation any farther. (Applause.) We have no income tax in the province, nor direct per capita tax, and as long as I am Provincial Treasurer there never will be.

MR. NICKLE: The only taxes you can levy are direct taxes.

MR. SMITH: That is perfectly true, but I mean direct, individual tax on everybody in the Province.

They have direct individual tax in every province of the Dominion west of us. In British Columbia they have an income tax, and a poll tax of 60 cents a head to live there. They have an income tax in Manitoba going through the House at the present time. They have a land tax in all the western provinces, two mills on the dollar for all unoccupied land. We have nothing of that description, nor do we intend to. We have plenty of revenue to take care of all our expenditures and take care of them well. I am not especially interested myself as to whether there will be a big surplus next year as long as we pull out even. I don't think we have any right to try and pile up big surpluses because we are getting the money from the people, and any benefits derived should go back to them.

MR. MARSHALL: I presume the Minister is expecting as much income or possibly more from the race-tracks as last year?

MR. SMITH: Approximately.

Millions Returned to Municipalities

As I have already said, we do not tax the poor man, and I have here a statement of monies which you might say are returned to the ratepayers and from which the municipalities receive a direct benefit, thereby relieving local taxation. These facts are none too well known throughout the country. The House will be interested to know that this statement of amounts expended in the past fiscal year, which are of a character from which the municipalities received direct benefit, totals no less a sum than \$23,800,000, made up as follows:—

Administration of Justice:	
Counties and Districts.....	\$521,746 00
Education:	
Grants to Schools	
Public, Separate and High Schools and Collegiate Institutes.....	3,702,346 00
Normal and Model Schools.....	481,500 00
Technical Education (proportion paid by Province).....	542,000 00
Grants to Universities.....	2,053,237 00
Schools for Deaf and Dumb and Blind, and Northern Academy, Monteith.....	263,648 00
Public Institutions:	
Ontario Hospitals for the Insane.....	3,575,600 00
Agriculture:	
Community Halls.....	29,511 00
Grants for Agricultural Purposes.....	278,062 00
Agricultural Representatives.....	166,997 00
O. A. College and Farm.....	581,321 00
Colonization and Immigration.....	111,961 00
Hospitals, Refuges and Orphanages.....	1,300,718 00
Labour and Health Department:	
Employment Bureaus.....	160,694 00
Mothers' Allowance (proportion paid by Province)...	822,431 00
Public Health Laboratories.....	34,507 00
Maternal and Child Welfare.....	67,654 00
Preventable Diseases.....	74,729 00
Free vaccine.....	59,487 00
Lands and Forests, including roads in Northern Ontario..	1,408,613 00
Colonization Roads.....	671,184 00
Provincial Secretary:	
Purchase of coal for re-sale to municipalities.....	35,546 00
Northern Ontario Relief.....	10,568 00
Unemployment Relief.....	335,758 00
Public Highways:	
County Roads.....	3,024,660 00
Township Road Grants.....	701,350 00
Grants to Municipalities linking up Provincial highways.....	167,615 00
Maintenance of Provincial highways.....	903,732 00
Public Works:	
Proportion of cost of works re Unemployment.....	140,000 00
Drainage Aid Grants.....	65,600 00
Bridges, etc.....	385,000 00
New Buildings:—	
Ontario Hospital, Whitby.....	355,310 00
Ontario Deaf and Dumb Institute.....	244,548 00
Northern Academy, Monteith.....	35,307 00
New Veterinary College.....	158,113 00
New Dairy Building, O.A.C.....	127,605 00
Stables, Veterinary College.....	14,570 00
Eastern Dairy School.....	24,807 00
Students' Residence, Kemptville.....	22,821 00
New Court House, S. S. Marie.....	164,371 00
Addition to Court House, Parry Sound.....	47,345 00
	<hr/>
	\$23,872,572 00

Estimates for Next Year

From the statements on the members' desks it will be noticed that:—

The estimated receipts for the fiscal year, ending October 31st, 1923, are.....	\$39,372,029 08
The estimated expenditure, part of which was voted in the Supply Bill last Session, and the balance of which will be included in the Supply Bill of the present session, is	25,598,208 82
Capital expenditure, estimated.....	26,682,001 09
Total.....	\$52,280,209 91

As the members are aware, this does not include Statutory Expenditure.

Future Borrowings

This year I expect to go into the money markets for approximately \$35,000,000 and I will shortly be bringing down the usual Provincial Loans Act giving authority to borrow this amount. The Minister of Highways being away, I do not know definitely what his total will be, but his Department has given me an estimate of \$16,000,000. We have Treasury Bills and Loans to refund during the coming year of \$11,000,000. T. & N. O. Ry., \$3,000,000, and about \$5,000,000 may be required for purchase of Succession Duty free bonds.

MR. NICKLE: Where did you get the \$10,000,000 you show in Highway Improvement Fund as receipts?

MR. SMITH: Out of the Treasury Department. They made a requisition and we transferred it out of the Consolidated Revenue Fund.

MR. NICKLE: Charged to Capital?

MR. SMITH: Yes.

MR. NICKLE: Why was it the Government changed its policy and did not take advantage of the legislation the House passed last year as to the \$2,000,000 capitalization of motor tax?

MR. SMITH: The season was pretty late and the money markets not very good, and we decided to let it stand over.

Municipalities Saved from Tremendous Obligation

To the criticism of the kind I mentioned earlier, I pay no attention whatever. (Applause.) We have carried on an administration in an impersonal and impartial manner and the country has profited and developed generally by our administration. It is a well known fact that had the last election returned the old Government to power, we would have been launched into one of the largest schemes of radial railroads ever heard of in the history of the Province. It is also well known and generally admitted by all who know anything of the circumstances that all the Chairman of the Hydro-Electric Power Commission had to do with the late Government was to come up with his proposition, hand them the pen, and say 'sign here.' If the late Government had been returned to power, we would have had a radial railway scheme that would have put the municipalities into such a tremendous debt that they would never get out.

Courageous Attitude of Prime Minister

The Province of Ontario to-day owes a lasting debt of gratitude to the present Prime Minister for the courageous stand he took in the radial railway question alone. (Applause.) Heretofore, under the old regime, there was never a negative side to any question relating to Hydro development or Hydro Railways. Now Hydro development has been a wonderful boon to the Province of Ontario, yet a great many people were doubtful about the radial scheme, but, Mr. Speaker, no one had the courage to say "You have got to show me," until the present Premier of this Province did so. (Applause.) And the state of mind of the interested municipalities was exemplified very decisively in the January elections. Let me say further, the Honourable Mr. Drury showed the sort of stuff he was made of, when immediately he heard of the conflagration in Haileybury, he jumped on the train, and rushed to the scene of disaster to see what steps could be taken for prompt relief. (Applause.) Any man who exemplifies a spirit of decisive action of this kind is courageous and honest, and the sort of man we require as First Minister in the Province of Ontario. (Applause.)

An Impregnable Budget

In conclusion, let me say I have given to the House an account of my stewardship. I believe this stewardship has been justified by the results obtained, and that we have given the people of Ontario the greatest possible return for the capital invested.

The Budget itself is impregnable, but I would like to have the usual opportunity of adding a few words before the close of the debate.

No one can truthfully say that we have shirked our responsibilities. If the verdict of the people at the next election elevates the honourable member for Grenville or the honourable member for North Perth into the premier position of the Province, this Government will be quite content to abide by that verdict, confident in the knowledge that they have done their duty by the Province, and that the Province has benefited by this administration. (Loud and prolonged applause.)

**Balance Sheet showing the Receipts of the Treasurer of Ontario during the
Fiscal Year ended 31st October, 1922, with the Cash Balances on the
1st November, 1921.**

Receipts.	Ordinary Receipts.	Capital and Extraordinary Receipts.	
	\$ c.	\$ c.	\$ c.
Balances as per Public Accounts, 1921:			
Amount at Special Deposit, 12,040,000 00			
Amount at Current De- posit..... 6,744,466 53			18,784,466 53
From Dominion of Canada:—			
From Subsidy on popula- tion, B. N. A. Act, 1907.. 2,260,197 20			
From Subsidy, 47 Vic., Cap. 4..... 142,414 48			
From Special Grant, B. N. A. Act, 1907..... 240,000 00			
Arrears of Subsidy for 1921. 123,117 40	2,765,729 08		
From Interest paid by Dominion, see State- ment 18..... 73,737 49			
From Interest on Invest- ments..... 886,035 55	959,773 04		
From Lands and Forests Department (4,439,340.03)	3,221,280 68	1,218,059 35	
From Mines Department	570,219 15		
“ Education.....	355,151 68	239,703 38	
“ Agriculture.....	312,711 42		
“ Game and Fisheries.....	762,345 04		
“ Provincial Secretary.....	1,540,940 51		
“ Law Enforcement Branch, revenue	1,730,242 14		
“ Motor Vehicles Branch.....	3,477,430 13		
“ Department of Public Highways..	346,274 47	3,553,705 52	
“ Insurance.....	128,944 51		
“ Law Stamps.....	318,434 75		
“ Succession Duty.....	6,303,284 89		
“ Succession Duty (Funds deposited in lieu of Bond for payment of Succes- sion Duty)	219,960 32		
From Corporations Tax Act, R.S.O., 1914, Cap. 27, with amendments... 5,567,396 42			
From Fire Marshal's Act.. 73,960 70	5,641,357 12		
From Casual Revenue.....	2,095,809 46		
“ Department of Labour and Health.	136,836 71		
“ Mothers' Allowance Commission...	632,486 65		
“ Temiskaming and Northern On- tario Railway.....	600,000 00		
“ Hydro-Electric Power Commis- sion—Interest.....	5,866,983 86		

Receipts.—Concluded

Receipts.	Ordinary Receipts.	Capital and Extraordinary Receipts.	
	\$ c.	\$ c.	\$ c.
From Land Transfer Tax.....	521,115 48		
“ Drainage Debentures, Municipal..		32,590 59	
“ Drainage Debentures, Tile.....		71,793 93	
“ Ontario Housing Commission.....		314,442 82	
“ Municipal Debentures.....		5,497 31	
“ Municipal Securities, Municipal Sinking Funds, received for fiscal year ended October 31st, 1922....		93,022 64	
“ Ontario Public Service Superannua- tion receipts on account thereof.....		406,667 84	
“ Settlers' Loan Commission (ad- vances repaid).....		84,096 98	
“ Northern Development, Sales.....		76,928 57	
“ Queen Victoria Niagara Falls Park Sinking Fund.....		9,000 00	
“ Interest on General Sinking Funds.....		112,645 50	
“ Stationery Account, excess of dis- tribution over purchases.....		5,374 21	
“ Loan Accounts per statement.....			41,925,837 39
	38,507,311 09	6,223,528 64	

Summary

Cash on hand, October 31st, 1921.....	18,784,466 53
Ordinary Receipts.....	38,507,311 09
Capital and Extraordinary Receipts.....	6,223,528 64
Net Receipts from Loans.....	41,925,837 39
	105,441,143 65

Receipts from Loans and Treasury Bills

	\$ c.	\$ c.
Receipts—Loan Series “ZZ”.....	15,218,055 00	
“ “ “AB”.....	14,611,350 00	
“ “ “AC”.....	19,497,670 63	
“ “ “TT”.....	493,300 61	
“ “ “WW” & “YY”.....	4,452,227 20	
“ “ Ontario Government Stock.....	504,087 50	
Treasury Bills “B”.....	999,000 00	
“ “ “C”.....	1,998,000 00	
“ “ “D”.....	1,998,500 00	
“ “ “E”.....	999,500 00	
“ “ “F”.....	998,750 00	
“ “ “G”.....	4,987,500 00	
“ “ “H”.....	4,976,500 00	
“ “ “J”.....	1,000,000 00	
“ “ Bank of Montreal.....	5,000,000 00	
“ “ “ “.....	3,000,000 00	
“ “ Royal Bank.....	1,000,000 00	
Ontario Savings Office.....	2,535,000 00	
“ Highways Loan—repayments.....	4,200 00	
Farm Loans—repayments.....	426 45	
Agricultural Development Board.....	288,000 00	
		84,562,067 39

Balance Sheet showing the Payments of the Treasurer of Ontario during the Fiscal Year ended 31st October, 1922, with the Cash Balances on the 31st October, 1922

Payments	Ordinary Expenditure		Capital and Extraordinary Expenditure			
	\$	c.	\$	c.	\$	c.
For Civil Government.....	1,883,821	52				
“ Legislation.....	435,611	28				
“ Administration of Justice.....	1,515,460	80				
“ Education.....	7,651,448	22	2,203,836	88		
“ Public Institutions.....	3,640,282	89				
“ Colonization and Immigration.....	111,961	35				
“ Agriculture.....	1,482,563	14				
“ Hospitals and Charities.....	1,182,718	59	118,000	00		
“ Repairs and Maintenance.....	513,236	57	17,605	70		
“ Colonization Roads, Maintenance.....	268,473	79				
“ Colonization Roads, Capital.....			402,710	69		
“ Charges, Lands and Forests.....	826,775	22	744,657	60		
“ “ Mines Department.....	112,514	78	60,599	89		
“ Refunds.....	194,499	79				
“ Game and Fisheries.....	283,349	62	38,048	35		
“ Highways Department.....	135,730	64				
“ Attorney-General's Department, Miscellaneous.....	31,262	91				
“ Provincial Secretary's Department, Miscellaneous.....	1,078	86	102,523	08		
“ Treasury Department, Miscellaneous.....	295,509	51	214,748	19		
“ Miscellaneous Services.....	76,495	42				
“ Department of Labour and Health.....	1,946,908	89	233,235	89		
“ Public Works.....	86,944	40	588,942	16		
PUBLIC BUILDINGS.						
(\$1,583,549.21)						
For Public Buildings.....	75,469	01	1,508,080	20		
STATUTORY EXPENDITURE.						
(\$85,981,177.92)						
For Statutory Expenditure.....	14,609,703	04	28,735,244	88		
SPECIAL WARRANTS.						
(\$1,751,812.58)						
For Special Warrants.....	81,165	59	498,446	99		
“ Hydro-Electric Commission.....			1,172,200	00		

Payments.—Concluded

Payments	Ordinary Expenditure		Capital and Extraordinary Expenditure		
	\$	c.	\$	c.	\$ c
MISCELLANEOUS.					
For Advanced to Hydro-Electric Power Com- mission.....			12,962,417	00	
“ Hydro-Electric Power Commission, Cap- ital Expenditure charged to Province.....			230,000	00	
“ Advanced to T. & N. O. Railway.....			2,054,182	82	
“ Amount at Special Deposit, October 31st, 1922.....					9,013,972 89
“ Amount at Current Account, October 31st, 1922..... 7,095,936 33					
Balance of Reception Hos- pitals for Insane Fund.... 2,768 28					7,098,704 61
			37,442,985 83	51,885,480 32	16,112,677 50

Summary

Cash on hand, October 31st, 1922.....	16,112,677 50
Ordinary Expenditure.....	37,442,985 83
Capital and Extraordinary Expenditure.....	51,885,480 32
	105,441,143 65

Payments of Loans and Treasury Bills

Payments:—(Statutory Expenditure) Treasury Bills “PP”.....	1,000,000 00
“ “ “A”.....	15,000,000 00
“ “ “B”.....	1,000,000 00
“ “ “C”.....	2,000,000 00
“ “ “D”.....	2,000,000 00
“ “ “E”.....	1,000,000 00
“ “ “NN”.....	10,000 00
“ “ Bk. Mont..	5,000,000 00
“ “ “	3,000,000 00
Loan—Series—“BB”.....	3,000,000 00
“ “ “CC”.....	3,000,000 00
“ “ “DD”.....	4,000,000 00
Agrl. Dev. Finance Act (11 Geo. V, Cap. 31).....	1,000,000 00
“ “ “ (11 Geo. V, Cap. 32).....	988,000 00
“ Act (11 Geo. V, Cap. 32).....	488,000 00
Farm Loans Act (11 Geo. V, Cap. 33).....	150,230 00
	42,636,230 00

ASSETS AND LIABILITIES OF THE PROVINCE

October 31st, 1922

Cash and Debenture Assets

Bank Balances:

Current Account.....	\$7,098,704 61	
Special Deposits bearing interest.....	9,013,972 89	
		<hr/> \$16,112,677 50

Sinking Funds:

Amount of stock purchased for the Province for sinking fund by the Bank of Montreal, Fiscal Agents, to the 31st October, 1922.

One-half of 1 per cent. per annum on the principal:

£154,063 15s. 3d. Loan, 5 Edw. VII, cap. 2 and 3.....	749,776 97	
£137,986 11s. 8d. Loan, 8 Edw. VII, cap. 11 and 12...	671,534 70	
£41,624 7s. 7d. Loan, 4 Geo. V, cap. 9.....	202,571 98	
		<hr/> 1,623,883 65

Amount of stock purchased for the Province for general sinking fund purposes.....

6,298,000 00

Debentures:

Drainage Debentures, Municipal.....	285,086 33	
Tile Drainage Coupons.....	967,195 18	
Sault Ste. Marie Debentures.....	25,572 50	
Village of Eganville Debentures.....	9,040 92	
Town of Cochrane Debentures.....	33,514 06	
Township of Whitney Debentures.....	16,673 08	
Township of Tisdale Debentures.....	13,685 79	
		<hr/> 1,350,767 86

Temiskaming and Northern Ontario Railway, amount expended to October 31st, 1922. See Statement No. 7.....

25,653,675 02

Hydro-Electric Power Commission of Ontario, amount advanced to October 31st, 1922.....

106,133,621 85

Less Sinking Fund payments, with accrued interest.....

638,699 16

Less Ontario Government Bonds deposited, cost.....

540,074 70

1,178,773 86

104,954,847 99

(Interest and Sinking Fund to be paid by Municipalities.)

Central Ontario Electric System, for purchase price thereof—6 Geo. V, cap. 18—and advances thereto to October 31st, 1922.....

11,606,312 78

For purchase of certain pulp and timber in the Township of Bruton, 6 Geo. V, cap. 18.....

225,000 00

11,831,312 78

Balance due from sale of Central Prison and Toronto Asylum properties.....

473,320 00

Balance of interest due the Province for the years 1921 and 1922 by the Hydro-Electric Power Commission.....

360,915 75

Balance due and unpaid from Succession Duty as of October 31st, 1922.....

400,000 00

ASSETS AND LIABILITIES.—Continued

Northern Development Branch:		
Cash Balances unexpended: Roads, farms, creamery, etc.....	178,265 56	
Soldiers' Settlement.....	17,545 71	
		195,811 27
Settlers' Loan Account.....		15,000 00
Seed Grain, Notes outstanding.....		84,850 76
Assistance of Settlers, Notes outstanding...		83,395 18
Cattle Purchase, Notes outstanding.....		3,322 16
Soldiers' Settlement, Notes outstanding....		48,322 65
Settlers' Loans outstanding.....		620,692 26
		<hr/> 1,051,394 28
Contingent Assets:		
Shackleton Colony: Buildings and Improvements.....	15,364 00	
Less 50% depreciation.....	7,682 00	
	<hr/> 7,682 00	
Kapuskasing: School buildings and equipment.....	4,600 00	
New Liskeard Creamery.....	15,931 54	
Roads: Buildings, plant, equipment, machinery, motors, tractors, etc.....	142,812 79	
	<hr/> 171,026 33	
		1,222,420 61
Estimated amount outstanding on Crown Lands and interest.....		900,000 00
Estimated amount outstanding on Timber Dues, Bonus, etc., 31st October, 1922.....		1,300,000 00
Ontario Municipalities—Indebtedness under The Ontario Housing Act, 9 Geo. V, cap. 54, to be repaid with interest.....		7,355,717 43
 Trust Fund of the Province held by the Dominion		
Common School Fund (See Consolidated Statutes, c. 26), 1,000,000 acres set apart (proceeds realized to 31st December, 1921), after deducting Land Improvement Fund, \$2,656,088.57, portion belonging to Ontario as per population of 1921.....		
		1,471,628 08
NOTE.—See Awards, Sessional Papers, 1900 and 1901.....		
Common School Fund, Montmorency Bridge Debentures paid over to the Dominion re Quebec Turnpike Trust, \$6,000.00, portion belonging to Ontario as per population of 1921.....		
		3,324 35
		1,474,952 43
Present value of Buildings and Lands on which they stand and surrounding areas belonging to the Province, October 31st, 1922.....		26,892,055 86
Capital expenditures on development account in fiscal years 1919, 1920, 1921 and 1922:		
Northern Development, making of roads and farms.....	4,855,981 80	
Improvement to Highways.....	39,103,160 27	
Colonization Roads.....	1,253,372 03	
Purchase of Hydro Power Plant, Monteith.....	27,061 10	
	<hr/> 45,239,575 20	

ASSETS AND LIABILITIES.—Continued

Debentures:

Ontario Highway Act, 1915, as amended by The Ontario Highway Act, 1920, section 37 (1).....	61,300 00
Agricultural Development Board Bonds, 11 Geo. V, cap. 32.....	200,000 00
Agricultural Development Board Debentures, 11 Geo. V, cap 32.....	988,000 00
Ontario Farm Loans Act, 11 Geo. V, cap. 33, sections 48 and 49.....	148,430 00
Ontario Farm Loans Act, 11 Geo. V, cap 33, section 8, stock held by Government.....	1,800 00
	<hr/>
	254,843,652 08

Estimated Assets—Resources

Pine Timber.....	\$132,000,000 00
Pulpwood Timber, Ties, Poles, Hardwood, etc.....	225,000,000 00
Mining Lands and Profits.....	100,000,000 00
Agricultural Lands.....	15,000,000 00
Water Powers.....	20,000,000 00
Sand, Gravel, etc.....	1,000,000 00
District of Patricia, area of 146,000 miles, Timber, Fisheries, Furs and Mining Possibilities.....	10,000,000 00
	<hr/>
	\$503,000,000 00
Taxable property in Ontario, actually assessed by Municipalities, over....	\$2,000,000,000 00

Direct Liabilities of the Province

(1) Ontario Government Inscribed Stock (London, Eng., loan) 5 Edward VII., cap. 2 and 3, 3½ per cent., principal due 1st January, 1946, for construction of Temiskaming and Northern Ontario Railway, £539,635 2s. 4d., at par of exchange.....	\$2,626,224 22
(2) Ontario Government Inscribed Stock (London, Eng., loan), 8 Edward VII., cap 11 and 12, 1 George V., cap. 4, and 2 George V., cap. 2, 4 per cent., principal due May 1st, 1947, for constuction of Temiskaming and Northern Ontario Railway, etc., £390,275 4s. 8d., at par of exchange.....	1,899,339 45
(3) Ontario Government Inscribed Stock (London, Eng., loan), 4 George V., cap. 9, 4½ per cent., principal due January 1st, 1965, £212,830 9s. 2d., at par of exchange.....	1,035,774 89
(4) Ontario Government Bonds and Stock, 5 Edward VII., cap. 2, and 6 Edward VII., cap. 4 (Canadian loan), 3½ per cent., principal due July 1st, 1926, and July 1st, 1936, for construction of Temiskaming and Northern Ontario Railway.....	3,000,000 00
(5) Ontario Government Bonds and Stock, 5 Edward VII., cap. 2 and 3 (Canadian loan), 4 per cent., principal due June 1st, 1939, for construction of Temiskaming and Northern Ontario Railway.....	1,150,000 00
(6) "A" Ontario Government Bonds and Stock, 8 Edward VII., cap. 12, and 9 Edward VII., cap. 8 (Canadian loan), 4 per cent., principal due June 1st, 1939.....	3,500,000 00
(7) "B" Ontario Government Bonds and Stock, 1 George V., cap. 9, and 8 Edward VII., cap. 12 (Canadian loan), Algonquin Park Loan and Purchase Act, 4 per cent., principal due May 1st, 1941.....	500,000 00
(8) "C" and "D" Ontario Government Bonds and Stocks, 8 Edward VII., cap. 12, and 1 George V., cap. 4 (Canadian loan), 4 per cent., principal due November 1st, 1941.....	3,000,000 00
(9) "L" Ontario Government Bonds, 4 George V., cap. 4, due May 1st, 1925 (Canadian loan), 4½ per cent.....	4,000,000 00
(10) Ontario Government Bonds (Canadian loan), 6 George V., cap. 2, 5 per cent., due June 1st, 1926.....	4,000,000 00
(11) "M" Ontario Government Bonds, 6 George V., cap. 18, 4 per cent., due March 1st, 1926..... (For purchase of certain Water Powers.)	8,350,000 00
(12) "N" Ontario Government Bonds, R.S.O., 1914, cap. 39, due December 1st, 1926, 5 per cent.....	2,000,000 00
(13) "P" Ontario Government Bonds, 2 George V., cap. 2, due January 1st, 1923, 5 per cent.....	1,000,000 00

Direct Liabilities of the Province.—Continued

(14) "R" Ontario Government Bonds, 6 George V., cap. 18, due July 2nd, 1927, 5 per cent.	225,000 00
(15) Loan from Dominion of Canada, 7 George V., cap. 2, due January 15th, 1923, 6½ per cent.	2,000,000 00
(16) Loan from Dominion of Canada, 9 George V., cap. 54, Housing Act, 5 per cent.	8,750,000 00
(17) "T" and "U" Ontario Government Bonds, 7 George V., cap. 2, due February 1st, 1928, 6 per cent.	3,000,000 00
(18) "V," "W," "X," "Y," Ontario Government Bonds, 8 George V., cap. 21, due May 15th, 1928, and August 15th, 1928, 6 per cent.	6,000,000 00
(19) "E.E." Ontario Government Bonds, 9 George V., cap. 2, due August 15th, 1924, 5½ per cent.	3,000,000 00
(20) "F.F." Ontario Government Bonds, R.S.O., 1914, cap. 39, due September 23rd, 1929, 5½ per cent.	4,000,000 00
(21) "G.G." Ontario Government Bonds, R.S.O., 1914, cap. 39, due December 1st, 1929, 5½ per cent.	3,000,000 00
(22) "H.H." Ontario Government Bonds, R.S.O., 1914, cap. 39, due January 1st, 1930, 5½ per cent.	3,000,000 00
(23) "J.J." Ontario Government Bonds, R.S.O., 1914, cap. 39, due March 1st, 1929, 5½ per cent.	5,000,000 00
(24) "K.K." Ontario Government Bonds, R.S.O., 1914, cap. 39, due April 1st, 1935, 6 per cent.	2,000,000 00
(25) "L.L." Ontario Government Bonds, 7 George V., cap. 3, due April 15th, 1925, 6 per cent.	6,800,000 00
(26) "M.M." Ontario Government Bonds, R.S.O., 1914, cap. 39, due June 15th, 1930, 6 per cent.	8,000,000 00
(27) "N.N." Ontario Government Bonds, 10 George V., cap. 6, due October 1st, 1923, 6 per cent.	3,000,000 00
(28) Ontario Government Bond, 10 George V., cap. 99, sec. 10, Ontario Teachers' and Inspectors' Superannuation Fund Bond, due October 31st, 1930, 6 per cent.	2,000,000 00
(29) "P.P." Ontario Government Bonds, R.S.O., 1914, cap. 39, due November 15th, 1927, 6 per cent.	5,000,000 00
(30) "R.R." Ontario Government Bonds, R.S.O., 1914, cap. 39, due December 1st, 1935, 6 per cent.	16,000,000 00
(31) "S.S." Ontario Government Bonds, R.S.O., 1914, cap. 39, due February 1st, 1941, 6 per cent.	10,000,000 00
(32) "T.T." Ontario Government Bonds, R.S.O., 1914, cap. 39, due May 2nd, 1936, 6 per cent.	15,000,000 00
(33) "U.U." and "X.X." Ontario Government Bonds, R.S.O., 1914, cap. 39, due September 15th, 1943, 6 per cent.	15,000,000 00

Direct Liabilities of the Province.—Continued

(34) "W.W." and "Y.Y." Ontario Government Bonds, R.S.O., 1914, cap. 39, due September 15th, 1943, 6 per cent.	15,000,000 00
(35) "Z.Z." Ontario Government Bonds, 11 George V., cap. 7, due January 3rd, 1937, 5½ per cent.	15,000,000 00
(36) "A.B." Ontario Government Bonds, R.S.O., 1914, cap. 39, due April 1st, 1952, 5 per cent.	15,000,000 00
(37) "A.C." Ontario Government Bonds, 12-13 George V., cap. 8, due October 1st, 1942, 5 per cent.	20,000,000 00
(38) "F" Treasury Bills, R.S.O., 1914, cap. 39, 5½ per cent., due December 15th, 1922.	1,000,000 00
(39) "G" Treasury Bills, Provincial Loan Act, 8 Edward VII., cap. 12, 5½ per cent., due January 15th, 1923.	5,000,000 00
(40) "H" Treasury Bills, 12-13 George V., cap. 8, 5½ per cent., due April 25th, 1923.	5,000,000 00
(41) "J" Treasury Bills, 11 George V., cap. 8, 5 per cent., due October 1st, 1923. Security for Savings Office deposits.	1,000,000 00
Balance of Savings Office deposits to Oct. 31st, 1922.	1,535,000 00
(42) Treasury Bill, 12-13 George V., cap. 8, 6 per cent., payable on demand.	1,000,000 00
(43) Railway Certificates, present value outstanding on October 31st, 1922.	\$1,789,568 90
Annuity Certificates, present value outstanding on October 31st, 1922.	670,787 68
	<hr/> 2,460,356 58
(44) Common School Fund, collections by Ontario, from January 1st, 1922, payable to the Dominion, in Trust for both Provinces	
In Trust for Ontario.	126 55
In Trust for Quebec.	101 87
	<hr/> 228 42
(45) University of Toronto Certificates, \$30,000.00 per annum for 13 years, 5 Edward VII., cap. 37, present value at 3½ per cent. per annum.	309,082 20
(46) Assurance Fund under the Land Titles Act, R.S.O., 1914, cap. 126, sec. 128.	110,000 00
(47) Municipal Securities, 8 Edward VII., cap. 51, Municipal Sinking Funds on deposit with the Province of Ontario to October 31st, 1922, with accrued interest.	684,504 02
(48) Queen Victoria Niagara Falls Park Bonds, Sinking Fund payments, with accrued interest.	424,766 86
(49) Ontario Public Service Superannuation Fund, 10 George V., cap. 4, amount at credit of Fund in Consolidated Revenue Fund to October 31st, 1922.	563,718 55
	<hr/> \$240,923,995 19

Indirect Liabilities of the Province and Guarantees.

(1) Niagara Falls Park Bonds—(50 Vic., c. 13).....		\$525,000 00	
(57 Vic., c. 13).....		75,000 00	
(8 Edw. VII., c. 29).....		100,000 00	
(10 Edw. VII., c. 21).....		200,000 00	
			\$900,000 00
NOTE.—The income of the Park Commission from lease of power, etc., was sufficient to pay all maintenance and interest charges and leave a balance available for capital expenditure.			
(2) University of Toronto.			
Guarantee by the Province of Ontario, under authority Order-in-Council, 15th July, 1908, and 16th June, 1909, Debentures of above University, payable 15th July, 1910, to 15th July, 1949, 40 years, \$500,000.00.			
Present value for 27 years at 4 per cent.....		412,485 44	
(3) University of Toronto.			
Guarantee by the Province of Ontario, under authority Order-in-Council, 7th April, 1911, Debentures of above University, payable 1st January, 1912, to 1st January, 1951, 40 years, \$130,000.00.			
Present value for 29 years at 4 per cent.....		111,549 07	
(4) University of Toronto.			
Guarantee by the Province of Ontario, under authority Order-in-Council, May, 1912, Debentures of above University, payable 1st January, 1912, to 1st January, 1951, 40 years, \$300,000.00.			
Present value for 29 years at 4 per cent.....		257,422 24	
(5) University of Toronto.			
Guarantee by the Province, under authority of Order-in-Council, April 14th, 1915, Debentures of above University, payable 1st January, 1915, to 1st January, 1954, 40 years, \$110,000.00.			
Present value for 33 years at 4½ per cent.....		101,711 58	
			883,168 33
(6) Town of Bruce Mines.			
Guarantee by the Province of Ontario under the authority of R.S.O., 1914, cap. 266, sec. 36, sub-sec. 3, amended by sec. 5, Stat. Law Amendment Act, 1914. Debentures of above Town payable January 1st, 1918, to January 1st, 1947; interest, 6 per cent. per annum.....			
			25,000 00
(7) Town of Cochrane.			
Guarantee by the Province of Ontario, under the authority of 7 George V., cap. 9. Debentures of above Town payable May 1st, 1918, to May 1st, 1947; interest, 5 per cent. per annum.....			
			40,000 00

Indirect Liabilities of the Province and Guarantees.—Continued

(8) Town of Matheson.	
Guarantee by the Province of Ontario under the authority of 7 George V, cap. 9. Debentures of above Town payable June 1st, 1923, to June 1st, 1937; interest, 6 per cent. per annum.	5,000 00
(9) Township of Tisdale.	
Guarantee by the Province of Ontario, under the authority of 7 George V, cap. 9. Debentures of above Township payable December 31st, 1917, to December 31st, 1931; interest, 6 per cent. per annum.	25,000 00
(10) Township of Tisdale.	
Guarantee by the Province of Ontario, under the authority of 7 George V., cap. 9. Debentures of above Township payable December 31st, 1917, to December 31st, 1931; interest, 6 per cent. per annum.	10,000 00
(11) Township of Tisdale.	
Guarantee by the Province of Ontario, under the authority of Statute Law Amendment Act, 1918, sec. 67. Debentures of above Township payable July 1st, 1918, to July 1st, 1932; interest, 6 per cent. per annum.	10,000 00
(12) Board of Trustees, R. C. Sep. School, Town of Timmins.	
Guarantee by the Province of Ontario, under the authority of 7 George V., cap. 27. Debentures of above Board payable December 1st, 1918, to December 1st, 1937; interest, 5 per cent. per annum.	30,000 00
(13) Board of Trustees, R. C. Sep. School, Town of Timmins.	
Guarantee by the Province of Ontario, under the authority of 8 George V., cap. 20., Debentures of above Board payable January 1st, 1923; interest, 7 per cent. per annum.	30,000 00
(14) Town of Matheson.	
Guarantee by the Province of Ontario, under the authority of 9 George V., cap. 4. Debentures of above Town payable April 1st, 1920, to April 1st, 1949; interest, 6 per cent. per annum.	31,500 00
(15) Board of Trustees, R. C. Sep. School, Town of Timmins.	
Guarantee by the Province of Ontario, under the authority of 9 George V., cap. 4. Debentures of above Board payable November 1st, 1919, to November 1st, 1938; interest, 6 per cent. per annum.	15,000 00
(16) Township of Tisdale.	
Guarantee by the Province of Ontario, under the authority of 9 George V., cap. 4. Debentures of above Township payable May 1st, 1920, to May 1st, 1924; interest, 7 per cent. per annum.	10,000 00

Indirect Liabilities of the Province and Guarantees.—Continued

(17) Town of Matheson.	
Guarantee by the Province of Ontario, under the authority of 9 George V., cap. 4. Debentures of above Town; interest, 7 per cent. per annum.....	40,000 00
(18) Township of Tisdale.	
Guarantee by the Province of Ontario, under the authority of 9 George V., cap. 4. Debentures of above Township payable June 1st, 1923; interest, 6 per cent. per annum	2,988 34
(19) Town of Capreol.	
Guarantee by the Province of Ontario, under the authority of 10-11 George V., cap. 7. Debentures of above Town payable December 1st, 1922, to December 1st, 1939; interest, 6 per cent. per annum.....	9,239 42
(20) Guarantees under the authority of the Municipal Housing Act, 1920, Sec. 4.	
Sudbury.....	\$150,000 00
Fergus.....	10,000 00
Ford City.....	250,000 00
Kitchener.....	135,000 00
Sarnia.....	150,000 00
Walkerville.....	340,000 00
Beaverton.....	6,990 00
Tilbury.....	11,000 00
Stamford Township.....	100,000 00
Windsor.....	925,000 00
London.....	300,000 00
Riverside.....	50,000 00
Niagara Falls.....	75,659 99
Point Edward.....	17,196 00
Cochrane.....	75,000 00
	<hr/>
	2,595,845 99
(21) Hydro-Electric Power Commission of Ontario.	
Guarantees given by the Province in respect of bond and other liabilities assumed by and bonds issued by the Commission:	
Re Ontario Power Company.	
Borrowings from the Bank of Montreal in connection with construction of the third pipe line.....	1,200,000 00
Forty year 4% Debentures of the Commission given in purchase of the Capital Stock of the Ontario Power Company, due 1st August, 1957.....	8,000,000 00
Twenty year 6% Debentures (due in 1941), issued by the Commission for the purpose of retiring debentures of the Ontario Power Company, which matured in 1921....	3,200,000 00
First Mortgage Bonds of the Ontario Power Company, due 1st February, 1943.....	9,092,000 00
First Mortgage 5% Bonds of the Ontario Transmission Co., Limited, due 1st May, 1945.....	1,599,000 00
	<hr/>
	23,091,000 00

Indirect Liabilities of the Province and Guarantees.—Continued

Re Essex System.		
Forty year 4% Debentures of the Commission, due 1st June, 1958.....	200,000 00	
Ten year 5% Debentures of the Commission, due 1st June, 1928.....	26,000 00	
		226,000 00
Re Thorold System.		
Forty year 4% Debentures of the Commission, due 1st December, 1958.....		100,000 00
Re Sandwich, Windsor and Amherstburg Railway.		
Forty year 4½% Bonds of the Commission, due 1st April, 1960.....	2,100,000 00	
Forty year 6% Debentures of the Commission, due 1st July, 1961.....	900,000 00	
		3,000,000 00
Re Port Credit and St. Catharines Railway.		
Fifty year 5% Bonds of the Commission, due 1st November, 1969.....		300,000 00
Re Toronto Power Company.		
Twenty year 6% Bonds of the Commission, due 1st December, 1940, given in part purchase of the Capital Stock of the Toronto Power Company.....	619,000 00	
4½% Guaranteed Debenture Stock of the Toronto Power Company, due 1st May, 1941.....	12,383,831 95	
		13,002,831 95
Re Toronto and York Radial Railway Company and the Schomberg and Aurora Railway Co.		
Twenty year 6% Bonds of the Commission, due 1st December, 1940, given in purchase of the Capital Stock of the Toronto and York Radial Railway Co., and the Schomberg and Aurora Railway Co.....		2,375,000 00
		\$46,757,574 03

ESTIMATED RECEIPTS FISCAL YEAR ENDING
OCTOBER 31st, 1923.

Subsidy.....		\$2,765,729 08
Interest on Common School Funds held		
by the Dominion.....	\$75,000 00	
Interest on Investments.....	850,000 00	
		<hr/> 925,000 00
Lands and Forests Department.....		3,500,000 00
Mines Department.....		550,000 00
Public Institutions.....		1,000,000 00
Education Department.....		600,000 00
Provincial Secretary's Department.....		500,000 00
Motor Vehicles Licenses.....		4,400,000 00
Agriculture.....		300,000 00
Casual Revenue.....		700,000 00
Insurance Department.....		130,000 00
The Amusements Tax Act.....		1,600,000 00
Succession Duties.....		5,000,000 00
Corporation Tax Act.....		5,650,000 00
The Ontario Temperance Act.....		1,500,000 00
Law Stamps.....		350,000 00
Game and Fisheries.....		650,000 00
Labour.....		124,300 00
Mother's Allowance Revenue.....		700,000 00
Land Transfer Tax.....		525,000 00
Miscellaneous Items.....		300,000 00
Hydro-Electric Power Commission, Interest, etc.....		7,002,000 00
Temiskaming and Northern Ontario Railway, from earnings.....		<hr/> 600,000 00
Total Estimated Receipts.....		\$39,372,029 08

ESTIMATED EXPENDITURE FISCAL YEAR ENDING
OCTOBER 31st, 1923.

Civil Government.....	\$2,085,315 00
Legislation.....	356,185 00
Administration of Justice.....	1,800,761 00
Education.....	8,387,927 77
Public Institutions.....	3,869,510 75
Agriculture.....	1,639,766 00
Colonization and Immigration.....	148,450 00
Hospitals and Charities.....	1,230,606 81
Maintenance and Repairs of Government Buildings.....	515,186 35
Public Buildings.....	157,781 00
Public Works.....	266,133 00
Department of Labour.....	2,376,340 00
Colonization Roads.....	342,920 00
Highways Department.....	208,481 13
Game and Fisheries.....	243,450 00
Attorney-General's Department, Miscellaneous.....	50,500 00
Treasury Department, Miscellaneous.....	342,290 50
Provincial Secretary's Department, Miscellaneous.....	7,450 00
Lands and Forests.....	1,063,600 00
Department of Mines.....	184,169 97
Refund Account.....	132,334 54
Miscellaneous Expenditure.....	189,050 00

\$25,598,208 82

CAPITAL

Education.....	\$995,000 00
Public Buildings.....	1,699,332 18
Public Works.....	318,300 00
Colonization Roads.....	514,380 00
Hospitals and Charities.....	10,000 00
Game and Fisheries.....	80,000 00
Treasury Department, Miscellaneous.....	222,593 94
Lands and Forests.....	973,600 00
Department of Mines.....	20,000 00
Hydro-Electric Power Commission.....	19,066,000 00
Temiskaming and Northern Ontario Railway.....	2,782,794 97

\$52,280,209 91

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1920-23

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